



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, NOVEMBER 21, 2000
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AT
(202) 514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN GEORGIA-PACIFIC'S ACQUISITION OF FORT JAMES

WASHINGTON, D.C. – The Department of Justice today announced that it will require Georgia-Pacific Corporation and Fort James Corporation to sell Georgia-Pacific's commercial tissue business in order to proceed with their proposed \$11 billion acquisition.

The Department said the deal as originally proposed would have substantially lessened competition in the production and sale of commercial tissue products by reducing the number of major competitors from three to two. The proposed divestiture will preserve competition by requiring Georgia-Pacific to divest the bulk of its commercial tissue business.

Commercial tissue, also referred to as away-from-home tissue, includes paper towels, paper napkins, and bath tissue sold for use in public settings.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

"The original deal would have led to higher prices for purchasers of commercial tissue products--fast food and other restaurants, office buildings, factories, hospitals, schools, and airports," said A. Douglas Melamed, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "This divestiture will preserve competition in this important industry."

Fort James and Georgia-Pacific are, respectively, the largest and second largest producers of commercial tissue products in the United States. In 1999, the companies together sold approximately \$2 billion of commercial tissue products, accounting for approximately 66 percent of commercial sales of bath tissue, paper towels, and paper napkins.

Georgia-Pacific Corp., headquartered in Atlanta, is the second largest forest products company in the U.S. In 1999, Georgia-Pacific reported sales of approximately \$18 billion, including \$674 million in commercial tissue products.

Fort James Corp., headquartered in Deerfield, Illinois, is the largest manufacturer of tissue products in the U.S. In 1999, Fort James reported sales of approximately \$7 billion, including \$1.3 billion in commercial tissue products.

As required by the Tunney Act, the proposed consent decree, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to, J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the Court may enter the final judgement upon a finding that it serves the public interest.

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